HB12-1315

Colorado Legislative Council Staff Fiscal Note

STATE
REVISED FISCAL IMPACT

(replaces fiscal note dated March 27, 2012)

Drafting Number:	LLS 12-0418	**Date:**	April 18, 2012
Prime Sponsor(s):	Rep. Becker Sen. Steadman	**Bill Status:**	Senate Appropriations
		Fiscal Analyst:	Jonathan Senft (303-866-3523)

TITLE: CONCERNING THE REORGANIZATION OF THE GOVERNOR'S ENERGY OFFICE.

Fiscal Impact Summary	FY 2012-2013	FY 2013-2014
State Revenue		
State Transfers or Diversions		
Transfer from the General Fund		
to the Clean and Renewable Energy Fund	($1,560,491)	($1,600,000)
Transfer from the Severance Tax Trust Fund		
to the Innovative Energy Fund	($1,500,000)	($1,500,000)
Transfer from the Innovative Energy Fund		
to the Low-Income Energy Assistance Fund	($600,000)	
to the Clean and Renewable Energy Fund	($1,600,000)	
State Expenditures		
FTE Position Change		
Effective Date: July 1, 2012.		
Appropriation Summary for FY 2012-2013: See State Appropriations section.		
Local Government Impact: None.		

Summary of Legislation

This ***reengrossed*** bill reorganizes the Governor's Energy Office (GEO). Specifically, the bill:

- changes the name of GEO to the Colorado Energy Office;
- changes the statutory mission of GEO from promoting renewable energy and energy efficiency to encouraging all sources of energy development;
- mandates legislative approval for any changes related to policies contained in GEO's strategic plan, policies related to the definition of renewable energy, policies related to energy transmission, or any policy that may negatively impact traditional energy sources;
- creates the Clean and Renewable Energy Cash Fund and makes an appropriation thereto;
- renames the Clean Energy Fund as the Innovative Energy Fund, changes its appropriation from continuous to annual, and changes the purpose and expenditures of the fund to apply to severance taxable resources; and
- repeals the Clean Truck program and Clean Energy Development Authority.

Background

The original form of GEO was created in 1977 to promote energy conservation in Colorado. GEO is funded from a variety of sources including cash funds, federal funds and private contributions. In 2011, SB11- 209 (Long Bill) provided GEO with $1,440,547 and approximately 28.1 FTE.

State Transfers

For FY 2012-13, this bill requires the following one-time transfers to GEO:

- $1,560,491 from the General Fund to the Clean and Renewable Energy Fund;
- $600,000 from the Innovative Energy Fund to the Low-Income Energy Assistance Fund;
- $1,600,000 from the Innovative Energy Fund to the Clean and Renewable Energy Fund; and
- $1,500,000 from the Severance Tax Trust Fund to the Innovative Energy Fund.

For FY 2013-14 until FY 2016-17, this bill requires the following annual transfers:

- $1,600,000 from the General Fund to the Clean and Renewable Energy Fund; and
- $1,500,000 from the Severance Tax Trust Fund to the Innovative Energy Fund.

The Severance Tax Trust Fund is used to provide funding for a number of programs that receive quarterly disbursements based on a percentage of the Severance Tax Trust Fund balance. Because the $1.5 million annual transfer to the Innovative Energy Fund comes off the top of this trust fund, it is assumed that quarterly disbursements will be proportionally reduced.

It should also be noted that the Clean Energy Fund, which becomes the Innovative Energy Fund under this bill, has a balance of approximately $6.1 million, with approximately $900,000 committed for FY 2011-12.

State Expenditures

It is assumed that money transferred into the cash funds, as well as new funds from the General Fund and Severance Tax Trust Fund, will be expended on current programs under GEO. While this bill expands the overall mission of GEO, specific projects that would add to the GEO's workload are not identified, and therefore no assessment is provided as to how new funds will be expended.

The bill also requires the State Auditor to complete a performance audit of GEO no later than July 1, 2017. Each performance audit costs approximately $175,000, however this will be conducted within the auditor's annual budget.

Departmental Difference

GEO identifies a potential funding gap created by this bill from January 2013 to July 2013 due to the change in appropriation method. GEO currently receives Severance Tax transfers in January of each year. Transfers received in January 2013 are used to provide services from July 1, 2013 to June 30, 2014. Under this bill, the appropriation for accounts receiving Severance Tax funds is moved to annual, and spending authority for those funds would thus be provided in July 2013, six months later than current practice under continuous appropriations. GEO assumes that an appropriation of $3,250,000 is needed to operate during these six months. This fiscal note assumes that spending authority can be requested for FY 2012-13 in July 2012, based on prior spending, and can be expended when funds arrive in January 2013, or after, as scheduled.

State Appropriations

- For FY 2012-2013, this bill requires a General Fund appropriation of $1,560,491 to the Governor's Energy Office.
- For FY 2012-2013, this bill requires a cash fund appropriation of $1,600,000 to the Governor's Energy Office.

Because this bill changes the appropriation method for the Clean and Renewable Energy Fund, the Public School Energy Efficiency Fund and the Low-Income Energy Assistance Fund from continuous to annual, it is assumed that any expenditures from these funds, from FY 2012-13 forward, will need to be specifically appropriated.

Due to the creation of the new fund under GEO, this bill also requires the appropriation of FTE. This action does not change the number of FTE at the office, and simply designates these FTE to the new fund. In the interest clarity, it is intentionally omitted from this appropriations section.

Departments Contacted

Governor's Office Human Services Local Affairs Revenue